



Emissions Banking and Trading Area and Mobile Source Credit Generation Potential Rulemaking

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Timeline

- Proposal: March 2017
- Public hearings: April 2017
- Adoption: August 2017



Rules Affected

- 30 Texas Administrative Code Chapter 101, Subchapter H
 - Emission Credit Program, Division 1
 - Commonly known as Emission Reduction Credit (ERC) Program
 - Discrete Emission Credit Program, Division 4
 - Commonly known as Discrete Emission Reduction Credit (DERC) Program



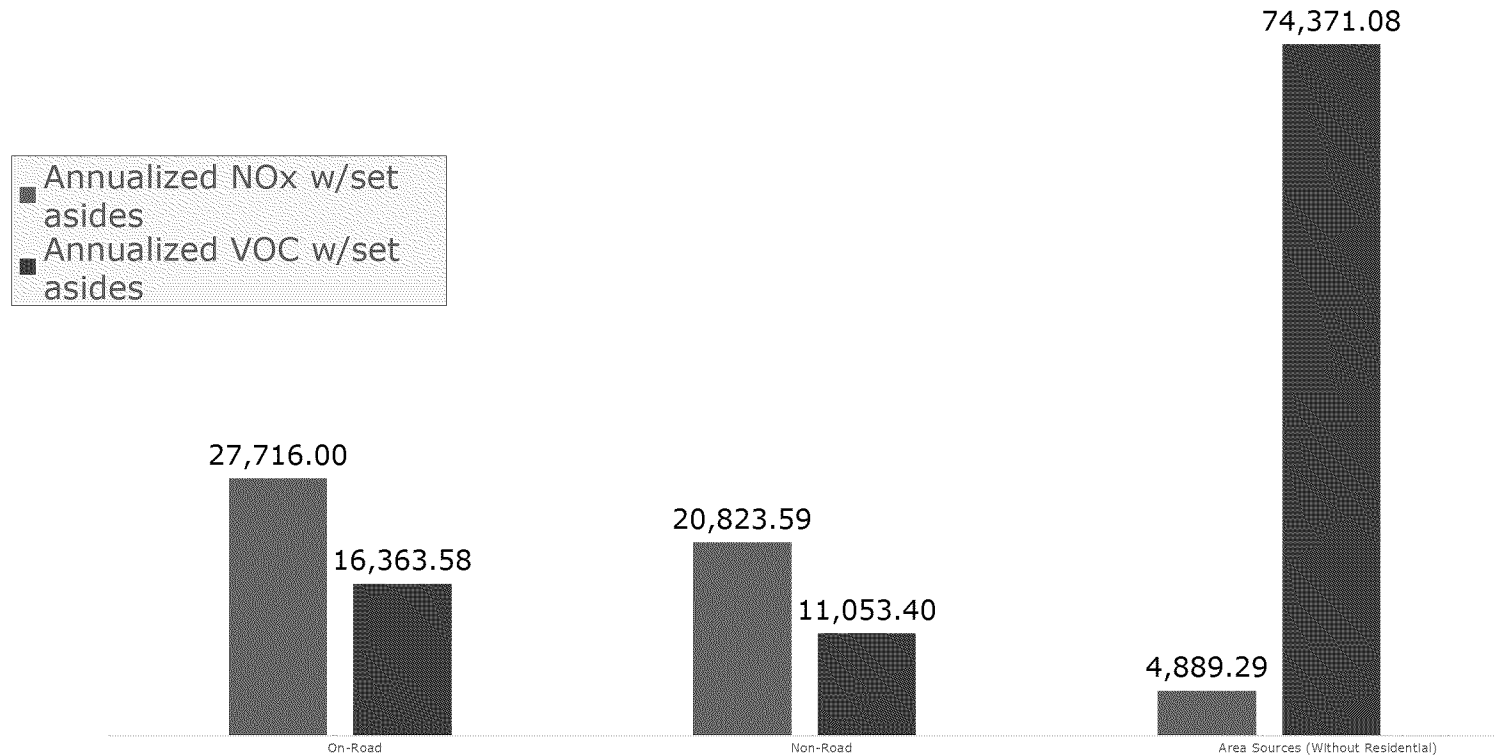
Staff Recommendations

- Reduce SIP emissions available for credit by:
 - 25% for area and non-road mobile source categories
 - 15% for on-road mobile source category
 - Draft strategy discussed reductions of:
 - 20% to 30% for area and non-road mobile
 - 5% to 15% for on-road mobile
- As area and mobile emissions estimation uncertainties diminish, commission may determine that a greater proportion of SIP emissions could be creditable without risking:
 - noncompliance with requirement to be surplus to SIP; and
 - having a negative impact on the relevant air shed.



Potentially Creditable SIP Emissions: HGB

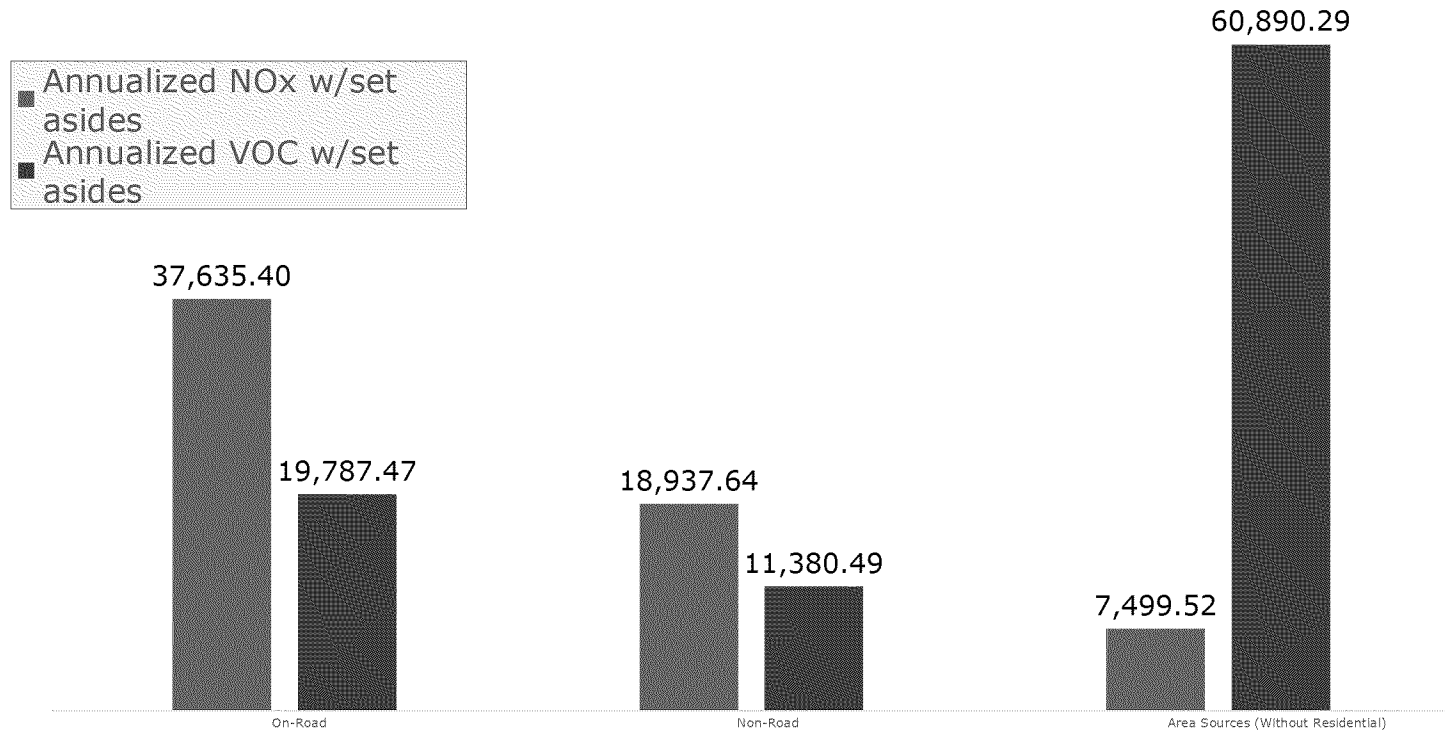
Estimates Shown are based on the
HGB Proposed 2016 Attainment Demonstration SIP





Potentially Creditable SIP Emissions: DFW

Estimates Shown are based on the
DFW Adopted 2016 Attainment Demonstration SIP





Staff Recommendations

- At minimum, cannot generate credits from:
 - residential area sources;
 - sources without records for approved/approvable emissions estimation methods;
 - on-road mobile sources that are not part of a fleet;
 - mobile sources not primarily operated within the nonattainment area;
 - sources that did not operate in SIP emissions year;
 - reductions <0.1 ton after all adjustments;
 - shutting down inelastic area sources (e.g., restaurants, concrete batch plants, gas stations, and dry cleaners);
 - shifting activity; and
 - mobile source shutdown/replacement unless it is made permanently inoperable or moved out of North America.



Staff Recommendations

- Reduce credits for shutdown by 15%.
 - Draft strategy: 20%
- Reduce credits based on emissions estimation data.
 - No adjustment for records required for same facility type at a point source.
 - Reduce 15% for alternative methods.
 - Draft strategy discussed:
 - Source-specific continuous monitoring: 0% to 10%;
 - Source-specific non-continuous monitoring: 5% to 15%; and
 - Alternative methods: 10% to 20%.
- Total combined adjustment of no more than 20%.
 - Draft strategy: 20% to 30%



Staff Recommendations

- Determine historical adjusted emissions from two of five years before reduction.
 - Can “look back” six to ten years when detailed operational records are available.
 - Draft strategy only allowed five year look back.
- Mobile SIP and historical adjusted emissions set based on actual emissions in nonattainment area.
- Mobile credits set based on remaining useful life, annualized over 25 years.
 - SIP fleet turnover assumptions



Staff Recommendations

- EPA-approved/approvable protocols are required for emissions estimation.
- Generator must comply with required conditions.
 - Monitoring, testing, recordkeeping
 - Specified in Emissions Banking and Trading Emission Reduction Certification Form (Form EBT-CERT)
- EBT-CERT may contain special conditions including, but not limited to:
 - Vehicle Replacements
 - proof the vehicle is permanently inoperable
 - certified or duplicate Texas Nonrepairable Vehicle Title
 - Vehicle Repower
 - Proof the engine is permanently inoperable
 - Moved out of North America



Staff Recommendations

- Area and mobile credit generation applications may be submitted up to three years after the emissions reduction.
 - This provision applies to reductions that occurred after 12/31/14 but before 1/1/16.
 - This provision expires 1/1/19.
- With the exception of the provisional time extension, all ERC applications must be submitted no more than two years after the reduction in the facility's actual emissions occurs.



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